REMARKS

In response to the Office Action mailed February 27, 2003, applicants submit the above amendments and the following remarks.

In paragraph 1 of the Office Action, the Examiner requests that applicants supply the serial number for the copending patent applications disclosed on pages 6, 7, 8, 10, and 11. In response, the specification has been amended to include the requested serial numbers.

In paragraph 2 of the Office Action, the Examiner objects to claims 1, 18, and 19 on the ground that "its" is informal in the phrase "its private key." The Examiner advises replacing "its" with "a," however, Applicants have amended claims 1, 18, and 19 to recite "the associated private key" of the respective entity, which properly reflects the antecedent basis found in the each claim's preamble, i.e., that each entity is provided "an associated private key."

In paragraph 2 of the Office Action, the Examiner objects to claims 10 on the ground that "the first customer" does not have adequate antecedent basis in the step "the first customer signing the payment instruction message with a private key corresponding to a digital certificate of the buyer;...." In response, applicant has amended claim 10 to replace "the first customer" with "the buyer," which Applicants assert is a typographical error. *See, e.g.*, step 4, "Buyer 106 signs the document and sends it to buyer's bank 102" in "Payment Order Transaction in the Buyer to Buyer's bank Model," p. 99-100. Note that the buyer is the only entity who should possess the private key corresponding to the buyer's digital certificate, therefore, the buyer is the proper entity to sign the payment instruction message in this step. Additionally, claim 10 is amended to correct the antecedent basis for "<u>a</u> payment instruction message associated with each payment instrument."

It is respectfully submitted that the above amendments to claims 1, 10, 18, and 19 overcome the Examiner's objections to these claims. It is further respectfully submitted that these amendments are not narrowing amendments within the meaning of *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co., Ltd.*, 122 S. Ct. 1831 (2002) (*see also Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, Ltd., 234 F.3d 558 (Fed. Cir. 2000) (*en banc*)), since they are merely clarifying amendments that do not affect the claim's scope.

In paragraphs 5 - 7 of the Office Action, the Examiner rejects claims 10-17 as being anticipated under 35 U.S.C. §102(e) by U.S. Pat. No. 6,327,578 to Linehan ("Linehan"). Applicants respectfully traverse this rejection for at least the following reasons.

Linehan is directed to a system and method for facilitating credit card and debit card payments by moving the authorization function from the merchant to the card issuer. Linehan, col. 4, ll. 2-5 ("credit/debit card authorization"); col. 5, ll. 51-54 ("credit/debit card authorization"); 9, ll. 50-52 ("MasterCard, Visa, an ATM network, or similar organization"). Linehan defines an issuer (or issuing bank) as a "financial institution that issues payment cards to individuals" [Linehan, col. 2, ll. 32-35], and a payment card as "a credit card or debit card that is issued by a financial institution". Linehan, col. 2, ll. 51-53.

In Linehan, a transaction between a consumer and a merchant is initiated by the consumer. Col. 4, ll. 10-12. The merchant returns his digital signature and a reply message to the consumer containing "a payment amount, order description, timestamp, and a nonce." Linehan, col. 4, ll. 12-17. After receiving the reply message from the merchant, the consumer sends a transaction message to an issuer gateway operating on behalf of an issuing bank. Linehan, col. 4, ll. 20-23. The issuer gateway verifies the merchant's digital signature and whether the consumer's account can support the requested payment amount. Linehan, col. 4, ll. 28-30. If sufficient funds are available, the payment is pre-authorized by the issuer gateway by sending the merchant an authorization token containing "the payment amount, order description, timestamp, a random nonce plus a merchant identifier and the reference to the consumer's credit or debit card number." Linehan, col. 4, ll. 30-37.

If a payment dispute arises, the authorization token enables the merchant to show that the issuer authorized payment. "The combination of the issuer's signature on the authorization token, the issuer's digital certificate, and the contents of the authorization token provide undeniable proof that the issuer authorized the payment." Linehan, col. 4, ll. 60-64.

Linehan fails to anticipate the invention of claim 10 for at least the following reasons. First, Linehan does not disclose providing the buyer with a variety of payment instruments, and permitting the buyer to choose from them. The system and method disclosed in Linehan does not contemplate the presentation of payment instruments to the buyer, and functions only with credit/debit cards. In particular, the system and method

disclosed in Linehan is designed to improve upon prior art 3-party credit/debit card authorization methods (Linehan, col. 3, ll. 13-47) by "**adding an issuer gateway**" directed only to credit/debit card authorization, and moving the credit/debit authorization function from the merchant to the issuer. Linehan, col. 3, l. 66 to col. 4, l. 5 (emphasis added); col. 5, ll. 51-54; abstract 4-6. By contrast, claim 10 recites:

> providing a buyer with a plurality of payment instruments, each payment instrument having associated therewith a payment instruction;
> the buyer choosing one of the payment instruments;

As noted in the specification, "[p]ayment instruments provided by the present system include a payment order, a payment obligation, a certified payment obligation, and conditional payments." Specification, p. 12, ll. 5-7. Payment instruments such as these four types are not contemplated by Linehan, and are not presented to the buyer for his selection and use.

Second, Linehan fails to disclose a payment instruction message that specifies a payment date. In contrast, claim 10 recites:

> the buyer completing at least a first portion of a payment instruction message associated with the payment instrument chosen by the buyer, the payment instruction message specifying a payment date; ... and
> the bank executing the payment instruction on the payment date.

Contrary to the assertions in paragraph 6 of the Office Action, the authorization token (254) does not read on a "payment instruction" in part because it does not provide instructions on the manner of payment. Instead, the authorization token provides proof that the issuer authorized payment. Linehan, col. 4, ll. 60-64; and col. 6, l. 65 to col. 7, l. 2. Additionally, Linehan does not provide disclosure of a "payment date" in the portion cited, column 6, ll. 28-42. Linehan's authorization token includes only "the payment amount, order description, timestamp, a random nonce plus a merchant identifier and the reference to the consumer's credit or debit card number." Linehan, col. 6, ll. 28-32. Therefore, Linehan does not disclose the buyer completing a payment instruction message, and the bank executing the instruction on the payment date specified.

Consequently, at least the above steps of claim 10 are not disclosed by Linehan, and therefore Linehan does not anticipate claim 10. Accordingly, it is respectfully

submitted that claim 10 is patentable over the cited prior art. Claims 11-17 depend from independent claims 10. It is axiomatic that claims 11-17 are allowable over the cited prior art for at least the reasons described above in connection with claim 10.

Additionally, applicants have added new claims 20 and 21. Claim 20 is equivalent to claims 11 - 16 rewritten in independent form, and claim 21 depends from claim 20. As noted above, Linehan fails to disclose payment instruments presented to the buyer for his selection and use. In particular, applicants respectfully submit that Linehan fails to disclose payment instruments enumerated in claim 20 such as a payment order, a payment obligation, a conditional payment order, a conditional payment obligation, a certified payment obligation, and a certified conditional payment obligation, contrary to the assertion in paragraph 7 of the Office Action. Support for these new claims, and these types of payment instruments in particular, may be found, for example, at page 12, line 10 through page 13, line 6. Accordingly, it is respectfully submitted that claims 20 and 21 are allowable over Linehan, in addition to the reasons described above in connection with claim 10.

In paragraphs 8 - 10 of the Office Action, the Examiner rejects claims 1-9, 18, and 19 under 35 U.S.C. §103(a) as being unpatentable over Linehan in view of U.S. Pat. No. 6,039,248 to Park ("Park"). The Examiner has the initial burden of presenting a *prima facie* case of obviousness. Because there isn't a proper suggestion or motivation to combine the cited references, and even if these references were properly combined, they fail to disclose all the elements of the claimed invention, a *prima facie* case of obviousness has not been shown.[1] Applicants respectfully traverse this rejection for at least these reasons.

First, this rejection is based on Linehan disclosing a payment instruction. As stated above, the authorization token disclosed by Linehan does not disclose a payment instruction. In contrast, claims 1, 18, and 19 recite:

> the first customer completing a buyer's portion of a payment instruction,
> the payment instruction specifying a payment date;

Consequently, these claims are allowable over the cited art because this element is not presented by Linehan, for the same reasons discussed above in connection with the rejection of claim 10.

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[1] *See* MPEP 2142.

NY2: 1431428.2

Second, one with skill in the art would not have been motivated to combine the teachings of Linehan with Park, because Linehan teaches away from such combination. More specifically, Linehan eliminates the need for consumers (*i.e.*, the first customer) to digitally sign documents and provides other means for verifying consumer identity. Linehan states, in pertinent part:

> The resulting invention has many advantages.... It separates the authentication technology used between the consumer and issuing bank from the remainder of the payment protocol. It permits each issuing bank to determine how it will authenticate its consumers (e.g. userid/password, symmetric or asymmetric keys with or without digital certificates or smart cards, other security hardware). *It avoids the use of digital certificates for consumers.* It pre-authorizes payments, eliminating the cost and delay of real-time authorization.... Examples of the simpler design include avoidance of encryption; *elimination of the requirement for consumer certificates;* and *avoiding any requirement* for the consumer wallet *to* validate certificates, *generate digital signatures,* or verify digital signatures.

Linehan, col. 9, ll. 3-28 (emphasis added).

The Office Action suggests a motivation to combine in paragraph 10, stating, "it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify Linehan's inventive concept to include Park et al's inventive concept wherein the <u>first customer signing the payment instruction with its private key</u>, [and] the second customer signing the payment instruction with its private key because this would have provided a system and method to proving the safe realization of the transaction between a consumer and a merchant and prevent a forgery of the document" (emphasis added). But, the Examiner admits that Linehan fails to disclose "the first customer signing the payment instruction with its private key, [and] the second customer signing the payment instruction with its private key." Since, as demonstrated above, Linehan teaches away from the first customer digitally signing, Linehan cannot be properly combined with this aspect of Park.

Accordingly, since Linehan 1) does not contemplate payment instruments other than credit/debit cards, 2) does not disclose payment instructions including a payment date, and 3) teaches away from the first consumer signing the payment instruction with its private key, the rejection does not present a *prima facie* case of obviousness. It is respectfully submitted that claims 1, 18, and 19 are therefore patentable over the cited prior art. Claims 2 - 9 depend from independent claim 1. It is therefore submitted that these claims are allowable over the cited prior art for at least the reasons described above in connection with claim 1.

The original due date for this Response was May 27, 2003. Accordingly, a Petition for Extension of Time (three months) is filed herewith which renders this Response timely. Please charge any required fees in connection with this Petition, as well as any other necessary fees due in connection with this Response, to Pennie & Edmonds LLP Deposit Account 16-1150.

In light of the above, it is respectfully submitted that the present application is in condition for allowance. Favorable disposition is respectfully requested.

Date August 20, 2003

Respectfully submitted,

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